

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6928

BILL NUMBER: SB 339

NOTE PREPARED: Jan 2, 2014

BILL AMENDED:

SUBJECT: Allow Alcoholic Beverages at the State Fair.

FIRST AUTHOR: Sen. Merritt

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☐ FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill repeals a provision that prohibits the sale of alcoholic beverages at the State Fairgrounds during the period of the Indiana State Fair.

Effective Date: July 1, 2014.

Explanation of State Expenditures: *Alcohol and Tobacco Commission* - This bill could increase expenditures of the Excise Police of the Alcohol and Tobacco Commission (ATC) to enforce alcoholic beverage laws at the State Fair.

State Fair Commission - The State Fair Commission estimates that it will incur an additional \$60,000 in FY 2015 and \$50,000 in FY 2016 in expenses related to the sale of alcoholic beverages at the State Fair. The commission's expenditures could increase for security and oversight in the areas where alcoholic beverages are served. In addition, the State Fair Commission could incur additional expenditures to equip these areas with items such as tables, chairs, fencing, and barriers to prevent minors from entering.

Explanation of State Revenues: *Summary-* By allowing the sale of alcoholic beverages at the State Fair, this bill could potentially increase revenue from the following sources:

- Temporary alcoholic beverage permits issued by the ATC.
- Concession sales revenue to the State Fair Commission.
- Taxes on alcoholic beverages.

Additional Information-

Alcohol and Tobacco Commission - If the ATC issues additional temporary permits, revenue from permit fees would increase. The ATC charges \$50 a day and \$5 per employee for a temporary permit. Temporary permit fee revenue for each vendor at the 17-day State Fair would be \$850, in addition to the \$5 fee per employee. Revenue from temporary permit fees is deposited in the ATC's Enforcement and Administration Fund.

State Fair Commission - The bill could also increase revenue to the State Fair Commission from sales of alcoholic beverages at the State Fair. The commission estimates that it could potentially receive \$125,000 in FY 2015 and \$150,000 in FY 2016 from alcohol sales revenue.

Alcoholic Beverage Taxes and Sales Tax - To the extent that total alcoholic beverage sales increase as a result of sales at the State Fair, revenue from alcoholic beverage taxes could increase. Alcoholic beverage tax revenue depends on the type and volume of beverages sold. Any impact on sales tax revenue is expected to be minimal since any additional purchases of alcohol would likely reduce consumer spending on other sales taxable items.

Alcoholic beverage taxes are distributed in varying amounts to the following funds: state General Fund, Post War Construction Fund, Enforcement and Administration Fund, Pension Relief Fund, Addiction Services Fund, and Wine Grape Market Development Fund. Fifty percent of the General Fund distribution is set aside for General Fund purposes, and 50% is allocated to cities and towns based on population.

Sales tax revenue is deposited in the state General Fund (98.848%), the Motor Vehicle Highway Account (1%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Explanation of Local Expenditures:

Explanation of Local Revenues: *Food and Beverage Tax* - To the extent that total food and beverage sales in Marion County increase due to alcoholic beverage sales at the State Fair, revenue from the 2% Marion County food and beverage tax could increase. However, any increase is expected to be minimal since additional purchases of alcohol would likely reduce spending on other taxable food and beverage items. Marion County food and beverage tax revenue is used to fund capital improvements to the stadium and convention center.

Alcoholic Beverage Taxes and Sales Tax - Local revenues could increase to the extent that a local unit receives distributions from alcoholic beverage tax or sales tax revenue.

State Agencies Affected: Alcohol and Tobacco Commission; State Fair Commission.

Local Agencies Affected:

Information Sources: Alcohol and Tobacco Commission; State Fair Commission.

Fiscal Analyst: Lauren Sewell, 317-232-9586.